ORGANIC FARMING RESEARCH FOUNDATION

July 11, 2006

Testimony of Klaas Martens
On behalf of the Organic Farming Research Foundation (OFRF)

Submitted to the Full Senate committee on Agriculture for the July 21st
Farm Bill field hearing in Harrisburg, PA.

Dear Chairman Chambliss, Ranking Member Harkin, and Members of the Senate Committee on Agriculture;

I am an organic farmer from Penn Yan, New York. I have been farming organically for 14 years. I currently farm 1400 acres and an array of crops including corn, soybeans, wheat, barley, oats, spelt, dry edible beans, grass seed, hay, cabbage, and other processing vegetables.

I am testifying on behalf of the Organic Farming Research Foundation (OFRF). OFRF is a non-profit, charitable organization dedicated to the improvement and widespread adoption of organic farming practices.

Ours is one of 9 neighboring farms in area that have converted land to organic production. Organic farming has given farmers in our region a chance to make a better living and has strongly stimulated our local economy. In Penn Yan, where an abandoned old feed mill once stood that belonged to a bankrupt farmer's cooperative, Lakeview Organic Grain now provides full time employment for 10 people. Today, only six years after it opened, Lakeview does many times the amount of business than the feed mill did at its peak.

Lakeview Organic Grain was started with the help of a $20,000 Value Added Producer Grant. This is a good example of how much economic activity can be stimulated with very small but well directed grants; from this one grant we created 10 jobs and millions of dollars worth of annual business.

In addition to Lakeview, our community now has two metal fabricating shops that build specialized equipment for organic farmers, a new business that sells weeding machine and Cultivators, and several new businesses who sell organic fertilizers, seeds, and other inputs. The multiplier effect that this new economic activity has had on our community has reached far beyond the agricultural sector and is making the whole area more prosperous.

Organic farming greatly reduces our dependence on fossil energy. One third of the energy that goes into growing a bushel of corn is in the nitrogen fertilizer it uses. Fertilizers require large amounts of energy to process and transport, as do the pesticides used in conventional farming. In an organic system, most of these inputs are either not needed or are generated internally or locally. Cover crops and sound rotations greatly reduce the loss of fertility from organic farms generating further savings.

Money invested in organic agriculture produces strong returns for our country including benefits to local communities and the economy in general. Even though organic farming is the fastest growing segment of agriculture in America today, it receives a disproportionately small share of USDA funding. Organic should receive a share of USDA resources that reflects the growth and opportunities of the organic sector.

USDA programs that support research, extension, education for the organic sector are particularly important. Programs in other areas (market promotion, natural resources, risk management, etc.) should be established that provide support for the continued growth of organic production. Specific recommendations are detailed below.

Research and Extension: Many producers of organic crops find few information resources available to them to address production or marketing issues specific to organic. For example, data on crop yield response to conventional fertilizers is readily available and well understood but there is no such data available for organic farmers who use compost or manure. Organic farmers need this basic research in order to make wise use of resources and to produce profitable high yielding crops.

Federal agricultural research dollars dedicated to organic food and farming are low in relation to the size of the organic industry. In 2004, only about 0.4% of USDA $2.5 billion expenditures on research and extension went to organic projects. In 2004, USDA- Agricultural Research Service (ARS) spent about $3.5 million on organic-specific projects, or about 0.35% of ARS annual expenditures. A framework of "fair share" funding of organic agricultural research, based on the organic share of U.S. retail food sales, calls for at least a 5-fold increase in USDA-ARS resources explicitly allocated to organic. When we consider the ongoing very strong growth in organic agriculture, Even a five fold increase in funding will be far below a 'fair' proportion within just a few years,

We also believe that ARS needs to strengthen efforts to disseminate organic research results through the National Agriculture Library's Alternative Farming Systems Information Center (AFSIC). For example, funding should be provided to the USDA National Agriculture Library's Alternative Farming Systems Information Center (AFSIC) to manage the www.OrganicAgInfo.org <http://www.organicaginfo.org/> <http://www.organicaginfo.org/> website as a publicly available online database of organic research and extension information available to organic producers and others.

At the USDA Cooperative State Research Education and Extension Service (CSREES), the Integrated Organic Program, has been extremely successful. Because of the high number of proposals to this program, only about 10% of qualified applicants have been able to receive funding (compared to 19%-29% of qualified applicants that receive funding in comparable grants programs at the USDA CSREES). Interest in this program is likely to grow. Accordingly, funding for this program should be increased. Several improvements to the program should also be made: expansion of this program should focus on a higher number of smaller grants; the extension component of this program should be strengthened; and an additional call for proposals on marketing and economic issues should be made. The National Program Leader for Organic Agriculture (that oversees this grant program) must be made into a permanent position. Organic plant and animal breeding should become a priority area within existing National Research Initiative (NRI) germplasm programs.

Data Collection: Expanded data on the organic sector is essential to better understanding the organic industry's growth and trends. Specifically, within the USDA Agricultural Marketing Service (AMS) we would like to see Fruit and Vegetable Market News provide regular nationwide reporting of organic prices. Currently, such information is only gathered regularly at the San Francisco and Boston wholesale markets. Specific surveys and data sets for the organic sector, including census (or census-type) data and farm gate price reporting are needed from the USDA National Agriculture Statistics Service. The USDA Economic Research Service (ERS) has done

an impressive job of collecting data on the organic sector (including farm financial indicators and market trends among handlers and processors of organic products,) and we hope these efforts are continued and expanded.

Conservation: The USDA Natural Resources Conservation Service (NRCS) does not have information on participation of organic growers in conservation programs. Stronger leadership and oversight of how conservation programs serve organic specialty crop producers is essential. Specific improvements to conservation programs are needed to ensure these programs serve organic producers.

The Conservation Security Program is important to many organic producers, but basic organic practices such as cover cropping and crop rotations should be prioritized. Also, organic farm plans submitted to accredited organic certifiers should be accepted as proof of compliance with the highest tier (III) of conservation.

Some states have used the Environmental Quality Incentives Program (EQIP) to provide organic transition incentive payments to conventional growers This use of EQIP funds should be made a national priority. Technical assistance providers trained in organic practices must be made a central component of this program.

Organic Certification Cost Share: The 2002 Farm bill recognized the costs to farmers and handlers associated with the organic certification, and created the National Organic Certification Cost Share program. Under this program, producers and processors can be reimbursed for 75 percent of their certification costs, up to a maximum of $500. While the program is available to producers and processors of all scales, it is particularly important to the small and medium sized producers and handlers, who often cite annual costs and burden of maintaining organic as one of the frustrations with the National Organic Program An on-going cost-share program to help defray these costs for initial certification as well as annual re-certification is crucial to assuring the continued diversity in scale of organic farms and handling operations.

This program should receive a mandatory $3 M per year. Additionally, standardized reporting should be required for both allocations to states and actual disbursement to producers and handlers.

Risk Management: Farming is an inherently risky business. The Federal Crop Insurance Corporation has provided a safely net for participants, mitigating the effects of crop loss caused by circumstances beyond their control. Yet not all producers have been treated equally under federal crop insurance programs; organic growers face several unfair competitive disadvantages to their conventional counterparts when participating in the program. The 2002 Farm Bill made some effort to remedy these issues, but problems remain.

Organic farmers should not have to pay the 5% additional fee surcharge they currently must pay to be covered by the Multi-Peril Crop Insurance Program. This surcharge is based on the mistaken assumption that there is more risk of yield variability in organic production.

When an organic producer incurs a loss they should be reimbursed at the price their organic product would have received. Currently, organic farmers are reimbursed for crop loss at a rate based on average conventional prices, generally far below the value of the organic crops.

Organic producers are further discriminated against in that they also face unique risks which are not covered by federal crop insurance: chemical and GMO contamination. Both chemicals and

pollen of genetically engineered crops (GMOs) can travel by wind, jeopardizing organic producers' ability to sell their crops on the organic market.

Whole Farm Revenue insurance must be offered to all producers in all parts of the country. Many organic farmers rely on the diversity of their operations to improve nutrient cycling, biological control of pests, increase resource efficiency, and to create sustainable and stable agro-ecological systems. Currently, there are two whole farm revenue options that address the needs of diversified organic producers- these are the Adjusted Gross Revenue and the Adjusted Gross Revenue Lite program, both of which rely on a producers historical revenue (rather than county averages for particular commodities). These two programs however are only available in limited parts of the country.

Supporting the organic industry by providing needed support provides critical, cost-effective benefits for U.S. producers and consumers. Thank you the opportunity to provide testimony. I appreciate your consideration of these comments.

Sincerely,

Klaas Martens